The People We Serve...The People We Are

Managed Care *Market Area*

Self-Assessment Tool

for Federally Qualified Health Centers

October 1994 • Bureau of Primary Health Care, Health Resource Service Administration, U.S. Public Health Service, U.S. Department of Health and Human Services

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Department of Health & Human Services
Bureau of Primary Health Care

Public Health Service

Health Resources and
Services Administration
Bethesda MD 20814

Dear Colleague:

I am pleased to share with you this monograph, *Managed Care Market Area Self-Assessment Tool*, designed to assist Bureau funded projects in conducting an environmental analysis of their market area in order to more fully participate in managed care.

The information presented is intended to serve as an internal self-assessment tool that will allow you to better position your organization for the on-going changes currently taking place in the medical marketplace.

Please be assured that this is one of many efforts underway by the Bureau to provide you with additional managed care technical assistance, training and resource documents to assure a smooth and viable transition to a more competitive market.

The document reflects the combined efforts of numerous individuals both within and outside the Bureau of Primary Health Care. A special thanks to the Bureau's Managed Care Task Force and the work of the primary author, Susan Friedrich of John Snow, Incorporated for bringing this document to its final state.

Sincerely,

Marilyn H. Gaston, M.D.
Assistant Surgeon General
Director

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Introduction

The United States is in the midst af an extensive and rapid transformatian af its health care system which is significantly affecting the pragrams af the Bureau af Primory Health Care (BPHC). Twa interrelated trends are af immediate and critical impartance ta Bureau pragrams:

1. The inexarable, and in many places very aggressive mavement ta managed care; and

2. The arganizatian af previausly independent health care praviders inta integrated netwarks.

These trends are intertwined as health care arganizotions recognize that warking collaboratively with ather praviders has the potential ta strengthen their competitive pasitian, reduce risk and assure the requisite cantinuum af care in a managed care system.

How reody are yau ta change? Your long-term financial viability will likely depend an your ability ta manage your patients effectively and yaur success in affiliating with the right portners far the purpases af praviding managed care. BPHC funded pragrams shauld be thinking seriausly abaut ar alreody investigating appartunities far develaping managed care netwarks and/or portnerships with other arganizatians. Some of these organizotions may be traditianal partners; same may nat.

In making decisions abaut participoting in managed care netwarks, health centers must balonce the need to participate in the health care system while retaining the cammunity orientation and control that has been a central strength af Bureau pragrams since their inception. This tool is designed ta assist yau in ossessing the specific health care marketplace in which you operate and appartunities far retoining and enhancing market share. This understanding extends beyand yaur patients and cammunity to include an understanding of haw and when managed care is developing both in the public (e.g., Medicaid/ Medicare) and private sectors; wha the significant praviders are and which af these are campetitars

and/or potential partners; how the health center is perceived by insurers, providers, employers and consumers; and how community demographics and health needs are evolving.

This tool provides a "snap-shot" of your threats and opportunities at a particular point in time. Through the exercise of completing this tool you will identify potential partners and areas of further assessment which may help you to position your organization in these changing times. Since the results of the tool are predicated on your current circumstances, you should consider repeating the exercise on a regular basis as your local circumstances change and as State and national reform efforts continue to take shape.

This assessment tool is designed to complement the Bureau's ***Managed Care Internal Operations Self-Assessment Tool.*** The results of the internal assessment document the organization's operational readiness to contract for managed care and its capacity to handle risk in a managed care setting. The market area assessment identifies trends in your marketplace and key players in the managed care arena and provides a means to evaluate options for participating in managed care networks. Together, the two tools identify strategies which reflect the dynamic interplay between internal strengths and weaknesses and external opportunities and threats.

The ***Managed Care Market Area Self-Assessment Tool*** is divided into six sections:

1. Characteristics of Community Served
2. Consumer Preferences
3. Trends in Health Care Delivery
4. Traditional Partners
5. Market Position of Managed Care Plans/Networks
6. Alternatives for Integration

Each section includes an introductory paragraph, suggested sources of information, a series of questions and an action plan.

STEP 1

CHARACTERISTICS OF COMMUNITY SERVED

Assess the organization's current market position in terms of who in the community is being served. It is always easier to keep your existing clients than to find new ones. For this reason, it is critical to identify key user groups and to assure you can continue to serve them as your local health care system changes.

How well do you know your users? Can you identify major user groups (e.g., sociodemographic, ethnic, racial and cultural groups)?

1 2 3 4 5
DON'T KNOW THEM ..... KNOW THEM WELL

What trends are you seeing for these key user groups?

1 2 3 4 5
DECREASING ..... GROWING RAPIDLY

Information Source: Service area maps with zip codes or census tracts can be obtained from the local (City or County) Planning Commission. Define the service area using the BPHC's Needs/Demand Assessment methodology. Sociodemographic data on your service area(s) can be obtained from Census data and local planning agencies. A list of major employers can be obtained from your local Chamber of Commerce. Information on insurance coverage provided by employers can be obtained by calling the organization's personnel department. Information on Medicare, Medicaid, and commercial insurers can be purchased from CACI.

Characteristics of Community Served

1 Obtain o mop of your city or oreo. Drow o line oround the oreo you currently serve (where your potients come from). Drow o second line oround the oreo thot you feel you could potentiolly serve.

2 Complete **Table 1.** Define the socio-demogrophic chorocteristics of your user popolotion. Enter totol heolth center users for the post two yeors ond current yeor in columns 1–3, respectively. Compore with the socio-demogrophic chorocteristics of residents in your current (column 4) ond potentiol service oreo (column 5). Colculote the heolth center's current morketshore by dividing heolth center users (column 3) by the current community popolotion (column 4) ond enter in the lost column.

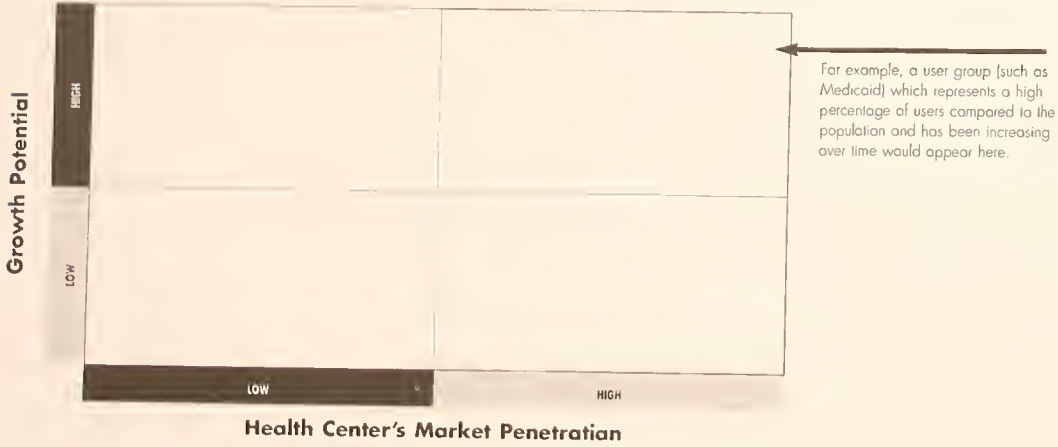
Table 1. Sociodemographic Characteristics

		Health Center Users			Community Population		Marketshare
		1	2	3	4	5	(3/4)
	Characteristic	19___	19___	19___	Current	Potential	
	Total number of people						
AGE GROUPS	% youngest (0 –)						
	% middle ages (–)						
	% oldest (–)						
POVERTY	% < 100% of poverty						
	% 100 – 200						
	% > 200% of poverty						
SEX	% male						
	% female						
MINORITY	% Black						
	% Hispanic						
	% other:						
INSURANCE COVERAGE	% Medicaid						
	% Medicare						
	% private insurance						
	% uninsured						
	% managed care						

3 This is the health center's marketshare. Circle all numbers in the last column of **Table 1** which are greater than this number. These groups represent the health center's market niche.

4 Perform a portfolio analysis using the data reported in **Table 1** and your own knowledge of the area. Evaluate the health center's market penetration for selected user groups (i.e., minority populations, income levels, insurance coverage, etc.) and the likely growth potential for these groups based on the health center's and the community's historical trends.

Table 2. Market Penetration



5 Identify major employers of health center users and list the insurance programs they offer. Circle any insurance programs which the health center does not accept.

Table 3. Health Center Users' Employers & Insurance Coverage

Employer	*Health Insurance Plans*

Analysis of Findings

We serve _____ users and have ____% marketshare in our primary service area. Key user graups include _____

_____

_____.

These patients represent our market niche. Loss of our _____papulatian will have the greatest negative impact on our practice because they represent our largest user graup(s). The uninsured represent ____% of health center users as campared with ____% of the service area papulatian. Recent trends show significont growth in _____ papulatian graups, while our practice has shaw a ***increase/decrease*** in these papulatian graups. We ***are/are not*** affiliated with majar insurance programs offered ta the emplayed persans in our health center.

STEP 2

CONSUMER PREFERENCES

Assess users satisfaction with the health center's service delivery system. A critical short-term strategy is to assure users are satisfied so they will choose to remain users of your service in the event that some financial barriers to care are removed.

How well do you know your users' needs ond preferences?

1	2	3	4	5
DON'T KNOW THEM				KNOW THEM WELL

How likely ore selected user groups (e.g. mojor sociodemogrophic, ethnic, rociol ond culturol groups) to choose to use your services if they hove on option?

1	2	3	4	5
LIKELY TO LEAVE				SURE TO STAY

Informotion Source: If informotion is not ovoilable to answer these questions, the health center is encouraged to conduct o survey of current users. A sample survey instrument ond instructions ore included os **Appendix 1.**

Consumer Preferences

1 How satisfied are selected user groups (e.g., sociademographic, ethnic, racial and cultural groups) with the health center? Refer to the survey instructions in **Appendix 1** to calculate a numeric rating. Alternatively, use a qualitative scale such as ***very good, good, fair, poor.***

Table 4. Assessment of User Satisfaction

User Group	Satisfaction Rating							% Who Would Recommend to Friend
	Quality	Scope of service	Facilities	Non-medical staff	Medical staff	Primary Care Provider	Overall	
Medicaid								
Medicare								
uninsured–employed								
uninsured–unemployed								
private insurance								

2 In addition to financial borriers, whot borriers to care do selected user groups identify which inhibit their ability to obtain heolth care services (i.e., tronsportotion, culturol, longuoge, etc.)? To whot extent hos the heolth center addressed these borriers?

Table 5. Barriers to Access

User Group	*Borrier to Access*	*Heolth Center Response*	
		Adequate	Needs Improvement

3 What hospital(s) is preferred by selected user groups for obstetrics, pediatrics and general medical?

Table 6. Preferred Hospital Affiliation

User Group	*Preferred Hospital*		
	Obstetrics	Pediatrics	Medical
Medicaid			
Medicare			
uninsured — employed			
uninsured — unemployed			
private insurance			

4 How likely are selected user groups to use the health center if they have financial access to other primary care providers?

Table 7. Assessment of User Retention

User Group	*Likelihood of Retoining User*		
	Very likely	Somewhat likely	Unlikely
Medicaid			
Medicare			
Uninsured—employed			
Uninsured—unemployed			
Private insurance			

Analysis of Findings

Overoll, our users ore _____ sotisfied with our heolth service delivery model. We are ot greotest risk of losing our _____ _____ _____ users with the removal af financiol barriers ta access.

Reosons for seeking care elsewhere include _____ _____ _____.

Additional borriers ta core were identified by users and include _____ _____.

We ore effectively meeting the needs af _____ _____ _____ but not _____ _____ _____.

We are offiliated with the hospitol(s) preferred by _____ _____.

We are not offilioted with the hospitol(s) preferred by _____ _____ _____.

STEP 3

Be familiar with the direction health care reform and managed care are taking in your local area and your State.

TRENDS IN HEALTH CARE DELIVERY

What is the attitude of State policy makers towards federally qualified health centers (FQHCs) such as yours?

1 2 3 4 5
DON'T SUPPORT ..... STRONGLY SUPPORT

What is the attitude of the State Medicaid program toward FQHCs such as yours?

1 2 3 4 5
DON'T SUPPORT ..... STRONGLY SUPPORT

What is the attitude of private managed care programs (e.g., HMOs, HIOs, MCOs, etc.) towards FQHCs such as yours?

1 2 3 4 5
NOT INTERESTED ..... VERY INTERESTED

What is the attitude of private health care providers (i.e., hospital specialists and ambulatory care providers) towards FQHCs such as yours?

1 2 3 4 5
NOT INTERESTED ..... VERY INTERESTED

Information Source: If you are unable to answer these question, you should contact your state, regional and national associations. A list of contacts is included in **Appendix 2** for State Primary Care Associations, Regional Primary Care Associations, Cooperative Agreements and national organizations. Additional sources for this information include the Governor's Office in your state, the Medicaid Office and the Department of Health.

Trends in Health Care Delivery

1 What is the status of health refarm in yaur State (i.e., legislatian passed, date af implementatian, etc.)?

2 Who ore the key players in designing health care refarm in yaur State? List the nomes af individuals (e.g., legislatars, consultants, etc.) ond/ar arganizatians (e.g., medical saciety, haspital assaciation, insuronce campanies, businesses, cansumer graups, etc.) active in the health refarm debate.

3 What is the health center's invalvement in health refarm activities? Haw are the interests of federally funded programs like yours being represented?

4 Whot is the State's appraach ta meeting the health care needs of the general papulatian?

Table 8. Overview of State Approach

Issue	Current Situation	Health Reform Proposal
General approach	Public/private mixture administered by insurance companies, States, Federal government and large and small businesses.	
Coverage	Voluntary coverage	
Benefits	No standard benefits package	
Premiums, cost sharing and out of pocket payments	Voluntary employer contributions to insurance premiums, no cost sharing and out of pocket limits	
Financing	General tax revenues for public programs	
Cost containment	UR and managed care arrangements in private sector. Prospective payment system, UR and RBRVS based fee schedule under Medicare. Lower provider reimbursement and movement to managed care in Medicaid.	
Provider reimbursement	FFS paid at some percentage of usual and customary rate charged by providers in an area; Medicare RBRVS fee schedule established by Federal government; Medicaid fee schedule established by States; Capitated plans negotiate rates with individual providers.	
Reforms in health insurance	No guarantee that coverage must be offered to all individuals or portability between jobs. Pre-existing clauses can exclude coverage for certain illnesses/conditions (some States regulate these practices). Large and small companies are rated based on their claims experience.	

5 Is the State seeking a waiver af Medicaid requirements, such as in a Sectian 1115 waiver? **Yes or No**

6 If yes, is the State expanding eligibility far Medicaid benefits? **Yes or No**

If yes, what additianal categaries af individuals will be eligible far Medicaid?

- ❑ Children up ta the age af _____
- ❑ Single adults up ta _____% paverty level
- ❑ _____

7 Is the State seeking a waiver af FQHC requirements? **Yes or No**

If yes, what is the waiver for and what is the status af the applicatian?

_____

_____

_____

8 Is the State pursuing a managed care strategy far its Medicaid pragram? **Yes or No**

If yes, analyze the managed care arrangements far Medicaid eligibles. Complete **Table 9**.

Table 9. Medicaid Managed Care Program

Program Element	*Selected Options*	*State's Medicaid Managed Care Program*
Type of enrollment	Mandatory or voluntary	
Categories of eligibles included	AFDC families, SSI individuals (aged, blind and disabled), elderly and disabled Medicare beneficiaries, general assistance population, children, pregnant women, other indigent persons, etc.	
Eligible contractors	Full risk HMOs, primary care organizations, etc.	
Payment methods	FFS, FFS with case manager fee, FFS with shared savings opportunities, capitation, etc.	

9 Are specific categaries af Medicoid eligibles excluded fram the managed care pragram?

- ❑ Homeless
- ❑ Migront farmworkers
- ❑ Persons with HIV/AIDS
- ❑ Undacumented
- ❑ _____
- ❑ _____

10 What is the State's approach ta protecting the arroy af services and the infrastructure af praviders that care far low incame peaple?

- ❑ Risk adjusted payment rates
- ❑ Access to financial markets far infrastructure develapment
- ❑ Subsidies far public praviders
- ❑ Requires health plons ta cantract with essential cammunity praviders
- ❑ Grants far enabling service
- ❑ Capital far infrostructure development
- ❑ Guoranteed cast based (FQHC)
- ❑ _____
- ❑ _____

Analysis of Findings

Health reform activities in our State, _____, are likely to be implemented by _____ _____ _____.

FQHCs have played a _____ role in development of the State's approach to health reform. The health center has been _____ involved and remains _____ informed as health reform efforts evolve.

Overall, the State's approach to health reform for the general population involves a strategy of _____ _____ _____ _____.

In addition, the State modification of the Medicaid program will affect FQHCs by _____ _____ _____.

As a result, the health center can anticipate _____ support from the State in terms of _____ _____ _____ _____ _____.

STEP 4

TRADITIONAL PARTNERS

Assess opportunities for establishing formal network arrangements with traditional partners. Just as it is easier to retain existing patients, it is easier to formalize relations with organizations which have traditionally viewed you as a partner.

How aggressively are your traditional partners pursuing managed care?

1 2 3 4 5
NOT PURSUING.....PURSUING AGGRESSIVELY

How competent are your traditional partners in managed care services delivery?

1 2 3 4 5
NOT COMPETENT .....VERY COMPETENT

How would you rate your traditional partners in a managed care environment?

1 2 3 4 5
WEAK.....STRONG

Information Source: Traditional partners include those organizations with whom the health center has formal (i.e., written) and informal (i.e., working but not supported in writing) arrangements as well as organizations with a similar mission and commitment to the health center's target populations.

Traditional Partners

1 Complete **Table 10.** List key provider organizations (e.g., insurance plans, FQHCs, other primary care providers, specialists, and hospitals) who may be likely partners with the health center.

Table 10. Traditional Partners

Organization	*Type of Provider (e.g., refer to list in Table 11)*

2 Are traditianal partners ather primary care organizatians (harizantally integrated) ar do partners include specialists and tertiary care facilities (vertically integrated)?

3 Amang the health center's traditianal partners, **could** a vertically integrated netwark be established with primary care, specialty care and haspitalizatian? **Table 11** lists passible services ta be cavered. Indicate with an **"x"** if the health center pravides the service. Far thase services which the health center daes nat pravide, identify a patential partner(s).

Table 11. Covered Services

	Covered Services	CHC Provides	Potential Partner(s)
PRIMARY CARE	Pediatrics		
	Internal Medicine		
	Family Practice		
	OB/GYN		
SPECIALITY SERVICES	Cardiology		
	Orthopedics		
	Dermatology		
	Ophthalmology		
	Allergy		
	Pulmonary		
	Other		
HOSPITAL AND SNF	Pediatrics		
	OB/GYN		
	Med/Surg		
	Mental Health		
	In & Out Surgery		
	Intermediate Care		
	Tertiary Services		
	Emergency		

Table 11. Covered Services *cont.*

	Covered Services	CHC Provides	Potential Partner(s)
ANCILLARY SERVICES	Laboratory		
	Diagnostic Radiology		
	Mammography		
	Pharmacy		
	Optical Eye Care		
	Short-term Home Health		
	Therapy (Occ, Phys, etc)		
	Outpt Mental Health		
	Substance/ Alcohol Abuse		
	Podiatry		
	Durable Medical Equipment		

4 On a scale af 1 ta 10, haw wauld yau rate yaur traditianal partners an the fallowing?

Clinicol and administrative management skills to suppart managed care?

1 2 3 4 5 6 7 8 9 10

Infrastructure ta suppart managed care?

1 2 3 4 5 6 7 8 9 10

Cammitment ta vulnerable papulotians?

1 2 3 4 5 6 7 8 9 10

Relative experience and pasitian in the managed care marketplace?

1 2 3 4 5 6 7 8 9 10

Capitalizatian potential af parties?

1 2 3 4 5 6 7 8 9 10

Willingness ta integrote services?

1 2 3 4 5 6 7 8 9 10

Analysis of Findings

Considering the health center's existing relationships, the health center could develop a ***vertically/ horizantally*** integrated network. Overall, the health center is affiliated with ***weak/adequate/strong*** managed care partners.

STEP 5

MARKET POSITION OF MANAGED CARE PLANS/NETWORKS

Assess opportunities for establishing formal network arrangements with non-traditional partners. Although it is easier to formalize relations with traditional partners, in some circumstances non-traditional partners may be preferred. Non-traditional partners may be preferred by health center patients, may have a better reputation in the community and may be better positioned to succeed in the marketplace.

To what extent have managed care networks been established in your market area?

1 2 3 4 5
NOT ESTABLISHED ..... WELL ESTABLISHED

How would you rate your managed care "team" relative to the competition?

1 2 3 4 5
WEAK ..... STRONG

How interested are major managed care plan(s) to include you in their networks?

1 2 3 4 5
NOT INTERESTED ..... VERY INTERESTED

Information Source: Information on managed care plans operating in your area can be obtained from the Division of Insurance, yellow pages, employers, American Medical Care and Review Association, State Primary Care Association, state and local medical associations, state offices of health planning, state insurance commissioners, Chamber of Commerce and "help wanted" ads. Information on individual managed care plans can be obtained from the managed care plan's Provider Relations Department (request credentialing procedures), DHHS' Office of Prepaid Health Care, State regulatory agencies (State Division of Insurance) and word of mouth. To complete the financial portion of **Table 12,** refer to the annual statement prepared for the State Department of Insurance. Definitions for calculating the indicators are included in Appendix 3 and refer to specific reports/schedules of the NAIC Annual Statement, HMO-Association Edition, revised 1990. Information on hospitals is available from the American Hospital Association and your local health department.

Market Position of Managed Care Plans/Networks

1 Complete **Table 12.** List all managed care plans operating in yaur service oreo (including plans the health center already contracts with) and compare them an the fallowing criteria.

Table 12. Comparison of Managed Care Plans

Description of Plan		*Managed Care Plans*			
Name of Plan					
GENERAL INFORMATION	Model (e.g. staff, IPA)				
	Yrs in operation				
	Market area				
	Federally qualified				
MEMBERSHIP	Current				
	Marketshare				
	Projected growth				
ENROLLEES BY PAYMENT SOURCE	% Medicaid				
	% Medicare				
	% Employed				
	Major employer groups				
FINANCIAL PROFILE	Average family premium				
	Average primary care capitation per member, per month				
REPUTATION WITH	Providers				
	Consumers				

2 From **Table 12,** identify the managed care plan(s) with:

- ❑ the greatest marketshare: _____
- ❑ commitment to vulnerable populations: _____
- ❑ established market position: _____
- ❑ the greatest projected growth: _____
- ❑ the greatest % Medicaid enrollment: _____
- ❑ the best reputation with patients: _____
- ❑ the best reputation with providers: _____
- ❑ the best financial position _____

3 Is the health center affiliated with these managed care programs? If not, why?

_____

Table 12. Comparison of Managed Care Plans cont.

Financial Position of Plan — *Managed Care Plans*

	Name of Plan				
PERFORMANCE INDICATORS	Total revenue				
	Net income				
	Net worth				
	Operating profit margin				
LIQUIDITY INDICATORS	Days cash on hand				
	Ratio of cash to claims payable				
EFFICIENCY INDICATORS	Days in receivables				
	Days in unpaid claims				
STATUTORY INDICATORS	Admitted reserves				
	State minimum reserve requirements				

4 Complete **Table 13.** List major hospitals (public and private) operating in your service area (including hospitals the health center already contracts with) and compare them on the following criteria:

Table 13. Comparison of Hospitals

Description of Hospitol		*Hospitols*			
Name of hospital					
GENERAL INFORMATION	Commitment to vulnerable populations				
	Control				
	Years in operation				
	Service area				
	JCAHO Accreditation				
INPATIENT DATA	Beds (by service)				
	Average occupancy rate				
	Average length of stay				
COSTS	Per diem/expense per inpatient day				
	Expense per admission				
AFFILIATIONS *	Managed Care Organizations				
	Universities				
	Primary care providers				
MAJOR INPATIENT AREAS	Obstetrics				
	Pediatrics				
	Medical/surgical				
	Mental health/Substance abuse				
	Tertiary				
CTRS OF EXCELLENCE					
REPUTATION WITH	Providers				
	Consumers				

* list organizations

5 From **Table 13,** identify the hospitol(s) with:

- ❑ commitment to vulneroble populotions: _____
- ❑ offiliations with managed care plons identified in **Question 2**: _____
- ❑ the best reputotion with consumers: _____
- ❑ the best reputotion with providers: _____
- ❑ reosonoble costs: _____

6 Is the heolth center offiliated with theso hospitols? If not, why?

_____

_____

_____

_____

7 Complete **Table 14.** For those specialty services for which the health center currently does not have access and needs, identify major specialty providers operating in the service area who are affiliated with key hospitals identified in **Question 5** above and who are likely partners.

Table 14. Selected Primary Care and Specialty Providers

Provider	Service Area	Accepting Patients (yes or no)	Capacity	Commitment to vulnerable populations (yes or no)	Reputation	
					Provider	Consumer

Analysis of Findings

The health center has no working relations with _____ managed care plan(s) which **is/are** well positioned in the marketplace based on marketshare, commitment to vulnerable populations, cost and reputation. Similarly, the health center has no working relations with _____ hospital(s) which **is/are** well positioned in the marketplace based on marketshare, cost and reputation. The health center's arrangements with _____ managed care plan(s) and _____ hospital(s) continue to be strategically appropriate.

The health center should reconsider its affiliation(s) with _____ managed care plan(s) and _____ hospital(s).

The health center should consider developing specialty arrangements in the following areas, including _____

_____

_____.

STEP 6

ALTERNATIVES FOR INTEGRATION

Identify optians far establishing farmal netwark arrangements with traditianal and/ar nan-traditianal partners recagnizing that successful partnerships camplement internal strengths and weaknesses. Optians will depend an the unique appartunities that exist in the health center's marketplace, including the willingness af variaus arganizatians ta be partners and the need ta retain access ta key user graups. The health center shauld give careful cansideratian ta its awn internal managed care strengths and weaknesses in evaluating variaus aptians. This is particularly impartant if the health center is cansidering assuming any financial risk.

How far along is the health center in formalizing its managed care relationships?

1	2	3	4	5
NOT STARTED				FINISHED

How well positioned is the health center in the managed care marketplace?

1	2	3	4	5
POORLY POSITIONED				WELL POSITIONED

To what extent do you need to reevaluate your traditional partnerships to be competitive and have access to key user groups?

1	2	3	4	5
GREAT EXTENT				NO NEED TO REEVALUATE

Information Source: The health center should complete the ***Managed Care Internal Operations Self-Assessment Tool*** to document the organization's operational readiness to contract for managed care and its capacity to handle risk in a managed care setting. This information should be considered in evaluating options for participating in managed care arrangements. If the health center requires assistance in evaluating or pursuing network options, technical assistance is available through your Regional Office.

Alternatives for Integration

1 Which, if any, managed care arganizatians appear ta be critical ta the success af the health center in a managed care enviranment? (p. 33, **Question 2**)

2 Is the health center affiliated with these managed care plans? **Yes or No**

Horizontal integration

3 Will participatian in a harizantally integrated netwark af primary care praviders pravide the health center with a better negatiating pasitian with managed care plans and assure cantinued access ta key user graups? **Yes or No**

4 Can the health center establish a harizontally integrated netwark with traditianal partners? Da these partners have ar cauld they acquire the management skills and infrastructure ta establish and aperate a successful harizantally integrated netwark (netwark af primary care praviders)? **Yes or No**

5 Which traditianal partners appear ta be critical ta the success af the health center in a managed care enviranment?

_____

_____

_____

7 Daes the health center need ta cansider nan-traditianal partners ta be included in a harizantally integrated netwark ta effectively pasitian itself in the managed care marketplace? **Yes or No**

8 Which nan-traditianal partners appear ta be critical ta the success af the health center in a managed care enviranment?

_____

_____

_____

_____

_____

Vertical integration

9 Will the health center need to be port af a verticolly integrated netwark ta assure cantinued access ta key user groups? **Yes or No**

10 Can the health center establish a vertically integrated netwark with traditianal partners? Da these partners have ar cauld they acquire the management skills and infrostructure ta establish and aperate a successful verticolly integrated netwark (netwark af primary care providers, specialists and hospitals)? **Yes or No**

11 Which traditional partners appear to be critical ta the success af the health center in a managed care enviranment?

12 Does the health center need ta cansider nan-traditional partners ta be included in a vertically integrated netwark ta effectively positian itself in the managed care marketplace? **Yes or No**

13 Which nan-traditianal partners appear ta be criticol ta the success af the health center in a managed care enviranment?

14 **Complete Table 15.** List the health center's five majar strengths and weaknesses related to managed care.

Table 15. Self Assessment of Managed Care Strengths & Weaknesses

Strengths	*Weaknesses*

15 In reviewing the health center's managed care strengths and weaknesses, does the health center have the necessary management and systems capabilities to support the network arrangement which is most appropriate for the marketplace?

16 Do potential partners identified through this analysis complement the health center's strengths and weaknesses?

17 If the health center has entered into or plans to enter into a managed care network, does the preceding analysis support the selection of partners and the configuration of the network?

APPENDIX 1

Patient satisfaction survey

The purpose of the Patient Satisfaction Survey is to evaluate the likelihood of patient retention based on satisfaction with various aspects of clinic operations.

Instructions for Survey Administration

In order to have an unbiased sample of patients, the goal of the study is to have every patient visiting the health center over a one week time period complete a survey instrument. If less than 100 patients are seen in a week, continue until 100 surveys have been completed. Patients who visit more than one time during the week should only complete the survey once.

The survey is designed to be self-administered to literate patients. Patients who are not literate should be interviewed by a staff member in order to complete the survey, if possible. A site-specific protocol must be developed to insure that all patients complete and return the survey at the time of their visits. For example, a patient could receive the survey at check-in and be asked to return the survey before seeing a provider.

Instructions for analyzing survey results

All surveys should be tabulated as follows:

1. **Questions 1-5 and 7:** For each question, tally the number of each response (e.g., excellent, good and fair). A score (e.g., 5,3,1) has been included under selected responses. A weighted average for each question can be calculated by multiplying the number of responses by the score. For example:

How would you rate the quality of health services provided at the center?

___ excellent (5) ___ good (3) ___ fair (1) ___ poor (0)

If 10 people **"x"** excellent, 5 people **"x"** good and 2 people **"x"** fair, a weighted average is calculated as follows: (10 x 5) + (5 x 3) + (2 x 1) = 67 points.

By dividing the total number of points by the number of responses (n=17, for example), the weighted average equals 3.9 which corresponds with a rating of very good.

2 **Questions 6, 8-13:** For each question, tally the number of each response and calculate the percentage of total responses for each response. For example:

Would you recommend the center to a friend?

___ yes ___ no

If 10 people **"x"** yes and 6 people **"x"** no, the percentage of total respondents for each response would be:

10/16 = 63% **yes** 6/16 = 37% **no**

3 **Questions 1-7** correspond with the satisfaction categories on **Table 4** as follows:

- column 1 (quality) and question 1
- column 2 (scope of service) and question 2
- column 3 (facilities) and question 3
- column 4 (non-medical staff) and question 4
- column 5 (medical staff) and question 5
- column 6 (primary care provider) and question 7
- column 8 (% who would recommend) and question 6
- Column 7 (overall) should be a weighted average of question 1-5 & 7.

Patient Satisfaction Survey

Dear Patient: For us to better serve you, we osk for your opinian about our services, facilities and staff.

Pleose answer the follawing questians. If you need assistance in answering any of the questians, our medicol receptianist will be glad to help you. As yaur health care graup, we thank you far taking the time ta give us your thoughts.

1. **Haw wauld yau rate the quality af heolth services pravided at the center? Please check ane.**

   ____ excellent (5) ____ good (3) ____ fair (1) ____ poor (0)

2. **Haw wauld you rate aur ability to satisfy all your medical needs? Please check ane.**

   ____ excellent (5) ____ good (3) ____ fair (1) ____ poor (0)

3. **How would yau rate our facilities on cleanliness, camfort and canvenience? Please check ane.**

   ____ excellent (5) ____ good (3) ____ fair (1) ____ poor (0)

4. **Haw wauld yau rate the helpfulness and attitudes af the nan-medical staff? Please check ane.**

   ____ excellent (5) ____ good (3) ____ fair (1) ____ poor (0)

5. **Haw wauld yau rate the helpfulness and attitudes af the medical staff? Please check ane.**

   ____ excellent (5) ____ good (3) ____ fair (1) ____ poor (0)

6. **Wauld yau recammend the center ta a friend?**

   ____ yes (1) ____ no (0)

7. **Haw wauld yau rate yaur relatianship with yaur physician ar nurse practitianer? Please check ane.**

   ____ excellent (5) ____ good (3) ____ fair (1)

9. **Do yau hove difficulty getting health care far any af the fallawing reasans. Check all that apply:**

   ____ language ____ transportatian

   ____ employed; can't seek care during wark haurs

   ____ Distance ta travel ____ Other (specify):

   _____ _____

   _____

10. Are we oddressing these speciol needs for you?

____ yes (1) ____ no (0)

If no, pleose exploin:

_____

_____

_____

_____

_____

_____

_____

11. If you required hospitalizotion, which hospital would you prefer to go to for core for:

Pediatrics: _____

Obstetrics: _____

Medical: _____

12. How lang have you been using the health center?

____ less than one year

____ 1 to 2 years

____ more than 2 years to 4 years

____ more than 4 years

13. How old ore you?

____ Under 20 ____ 21-30

____ 31-40 ____ 41-50

____ 51-60 ____ 60+

12. Do you currently hove health insuronce?

____ yes (1) ____ no (0)

If yes, please check the type of insurance you hove.

____ Medicaid ____ Medicare

____ Blue Cross/Blue Shield

____ Other Private: _____

_____

13. Are you currently employed?

____ yes ____ no (2)

Thank you!

APPENDIX 2

List of State, Regional & National Organizations

NATIONAL ORGANIZATIONS

American Academy of Family Physicians (AAFP)
8880 Ward Parkway
Kansas City, MO 64114-2797
Phone: 816-333-9700 or 800-274-2237
Fax: 816-822-9715

The Academy with more than 75,000 members, is a professional society which promotes and maintains standards for family doctors who provide comprehensive health care to the public. Other major purposes of AAFP include, the advocacy for and education of patients and the public in all health-related matters; preservation and promotion of quality cost-effective health care, and to provide advocacy, representation and leadership for the specialty of family practice. An Annual Scientific Assembly for continuing education is held each Fall. Publications include the journal, *American Family Physician;* a newsletter, *AAFP Reporter; Family Practice Research Journal,* and *Family Practice Management* which reports on practice management and socioeconomic issues.

American Hospital Association (AHA)
One North Franklin
Chicago, IL 60606-3401
Phone: 312-422-3000
Publications: 800-AHA-2626

The AHA membership consists of more than 54,000 individuals and health care institutions including hospitals, health care systems and health care delivery organizations. The Association advocates in various areas including Congress, the courts, public policy forums and grass roots activities. The AHA carries out research and education projects and has an annual conference. The AHA Resource Center has more than 57,000 volumes, 1,000 periodicals and a database on health care planning and administration. AHA serials include the *AHANews, Hospitals,* and *Hospitals & Health Networks.* The 100 plus page publications catalog includes such titles as, *Transforming Health Care Delivery: Toward Community Care Networks; Physicians in the Management of Risk in Managed Care Contracts; AHA Guide to the Health Care Field,* and *Trustees and the Integration of Community Health Care.*

Association of State and Territorial Health Officials
415 2nd St. NE, Suite 200
Washington, DC 20002
Phone: 202-546-5400

ASTHO represents state and territorial health officers on matters of federal health, legislation and policies. The association also aids public or private agencies dealing with health especially in interstate and federal relationships. ASTHO holds quarterly AIDS meetings. Publications include a periodic newsletter, the biennial *State Public Health Agencies* and a directory of state health departments.

American Managed Care and Review Association (AMCRA)
1200 19th Street, NW, Suite 200
Washington, DC 20036-2437
Phone: 202-728-0506
Fax: 202-728-0609

AMCRA is the advocate for more than 500 managed care companies and the only national trade association representing the full spectrum of managed care including HMOs, PPOs, IPAs, PHOs and HIOs. Some of the activities in which the AMCRA is involved include legislative tracking of state and federal health policies, building coalitions with other national and state health care associations, researching and assessing legislation and regulatory issues and providing technical assistance in medical and administrative issues. AMCRA's Department of Education offers seminars, conferences and certification programs designed for managed care professionals. Publications include, *The Managed Health Care Directory; The Managed Health Care Overview; The Managed Care Executive Survey,* and the bi-monthly newsletter, *The Monitor.* A publications price list is available on request.

American Medical Association (AMA)
515 North State Street
Chicago, IL 60610
Phone: 312-464-5000
Fax: 312-464-4184
Publications: 800-621-8335

The American Medical Association is a service organization of nearly 300,000 physicians. The AMA represents the profession in legislative and regulatory matters, maintains a library and participates in setting standards for medical schools, hospitals and medical education courses. The Association provides information to members and the public. Publications include, *Managed Care Desk Reference; Making Managed Health Care Work; The Managed Health Care Handbook; Administrative Costs and the Debate About US Health System Reform: A Review of Literature; State Health Care Data* and *American Medical News* a weekly newspaper. A catalog is available on request.

American Public Health Association (APHA)
1015 Fifteenth Street, NW, Suite 300
Washington, DC 20005
Phone: 202-789-5600
Fax: 202-789-5661

The Association is the largest organization of public health professionals in the world, with over 32,000 members from 77 public health occupations. APHA actively serves the public, its members, and the public health profession in four major areas: scientific development, advocacy, publications

and on annual meeting. There are more than twenty APHA sections and special primary interest groups which provide an opportunity for members to pursue specific interests. Some of the groups are: Health Administration, Medical Care, Community Health Planning and Policy Development, and the Health Law Forum. Current priorities and activities of each group is available from APHA. Publications include, *The Public Health Law Manual; A Guide to Medical Care Administration, Volume 1: Concepts and Principles; Volume 2: Medical Care Appraisal* and the periodicals, *American Journal of Public Health* and *The Nation's Health*. A publications list is available on request.

Group Health Association of America (GHAA)
1129 20th Street, NW, Suite 600
Washington, DC 20036
Phone: 202-778-3268
Fax: 202-331-7487

GHAA is the leading national association for health maintenance organizations (HMOs) with over 360 members. The Government Affairs staff provides leadership in the development of health care policy and legislative advocacy for members. The Association conducts research, providing vital statistics and analyses of prepaid health care trends. Through its educational affiliate, the Group Health Foundation, a wide range of conferences, seminars and workshops are offered each year. The National HMO Policy Conference is held annually in January in Washington, DC. The GHAA's library houses the most extensive collection of works on prepaid, managed care and is an important source of information on all existing HMO laws and regulations, as well as pending bills. Publications include, *National Directory of HMOs; HMO Industry Profile; Patterns in HMO Enrollment,* and the serials, *HMO Magazine* and *HMO Managers Letter*. A publications list is available on request.

Health Insurance Association of America (HIAA)
1025 Connecticut Avenue, N.W.
Washington, DC 20036-3998
Phone: 202-223-7780
Fax: 202-828-4511

The HIAA is a membership organization representing the commercial health insurance industry in the United States. The Association advocates for its 270 members in both the Federal and state governments. The HIAA provides forums, meetings and educational programs. HIAA's Coalition for Health Insurance Choices represents numerous groups across the country. The Policy Development and Research division publishes *The Source Book of Health Insurance Data* which sets the standard for data on the insurance industry. Other publications include, *Insurer-Sponsored Managed Health Care, The Fundamentals of Managed Care,* and *Health Care Financing for All Americans*. Periodicals include, *Managed Care Bulletin; Campaign Update,* and *Legislative Bulletin*. A publications list is available on request.

Medical Group Manogement Associotion (MGMA)
104 Inverness Terrace East
Englewood, CO 80112-5306
Phone: 303-799-1111
Fax: 303-643-4427
Publications: 303-397-7888

The Association is the oldest and largest membership organization of its kind dedicated to the business of medicine. MGMA has two allied organizations, the American College of Medical Practice Executives and the Center for Research in Ambulatory Health Care Administration. MGMA maintains a biographical archive and library of 5,000 volumes and 200 journals on group practice administration. Periodical titles include, *Medical Group Management Journal* and *Medical Group Management Update*. Publications include, *Integrated Health Care: Reorganizing the Physician, Hospital and Health Plan Relationship; Integrated Health Care: Case Studies; Case Management in Primary Care: A Manual; Introduction to Managed Care; The Managed Care Assembly Directory; Building Referral Networks Search Summary Packet*, and *Utilization of Medical Services*. A catalog is available on request.

National Association of Community Health Centers (NACHC)
1330 New Hampshire Avenue, N.W., Suite 122
Washington, DC 20036
Phone: 202-659-8008
Fax: 202-659-8519

The Association is the leading membership organization which advocates on behalf of community-oriented primary health care programs and the millions of medically underserved and uninsured people they serve. NACHC provides legislative advocacy, education and training, information and technical assistance. An annual conference is held each September. Publications include, *Health Care, Access and Equality: The Story of Community and Migrant Health Centers and Their National Association; Community and Migrant Health Centers: A Key Component of the U.S. Health Care System, Access to Community Health Care: A State and National Databook*, and *Improving Access to Care for Hard-to-Reach Populations*. A publications list is available on request.

Notional Associotion of County Health Officials (NACHO)
c/o National Association of Counties
440 1st Street NW, Suite 500
Washington, DC 20001
Phone: 202-783-5550
Fax: 202-783-1583

The purpose of the 2,000 member NACHO is to contribute to the improvement of county health programs and public health practices throughout the US; to provide information on county health programs and practices; and to participate in the formulation of the policies of the National Association of Counties. NACHO is developing a self-assessment instrument for use by local health officials and operates the Primary Care Project which helps to strengthen the link between local health departments and community health centers. Publications include the monthly *FYI*, and bimonthly *NACHO News*.

Notional Cleoringhouse for Primory Core Informotion
8201 Greensboro Drive, Suite 600
McLeon, VA 22102
Phone: 703 821-8955 EXT: 248
Fox: 703 821-2098

The Cleoringhouse provides informotion to support the plonning, development ond delivery of ombulotory heolth core to urbon ond rurol oreos where there ore shortoges of medicol personnel ond services. Its primory oudience is heolth core providers who work in community ond migront heolth centers. The Cleoringhouse produces o bibliogrophy to ossist heolth core professionols working in BPHC–supported projects locote ond obtoin relevont resources. Titled, *The Development ond Monogement of Ambulotory Core Progroms*, the bibliogrophy includes reports, bibliogrophies, hondbooks, monuols ond directories on vorious topics including monoged core ond progrom development. Other relevont resources include, *A Monuol for Negotiotions with Monoged Core Plons* ond *BPHC–Supported Primory Core Centers Directory.*

Notional Governors Associotion (NGA)
Holl of the Stotes
444 North Copitol Street
Woshington, DC 20001
Phone: 202-624-5300
Fox: 202-624-5313

The Notionol Governors' Associotion wos formed to provide o biportison forum, to help shope ond implement notionol policy ond to solve stote problems. The NGA Center for Policy Reseorch helps to improve policymoking ond progrom monogement for priorities estoblished by the Associotion. A yeorly summer meeting deols with intergovernmentol issues. A yeorly winter meeting focuses on stote-federol issues. Publicotions include, *Stote Progress in Heolth Core Reform; Coring for Kids: Strotegies for Improving Stote Child Heolth Progroms; Focilitoting Heolth Core Coveroge for the Working Uninsured,* ond *Stote Initiotives to Improve Rurol Heolth Core.* A publicotions list is ovoiloble on request.

Notionol Medicol Associotion (NMA)
1012 10th Street, NW
Woshington, DC 20001
Phone: 202-347-1895
Fox: 202-842-3293

The Associotion wos founded in 1895 os the Notionol Associotion of Colored Physicions, Dentists ond Phormocists. While the Notionol Medicol Associotion hos focused primorily on heolth issues reloted to Africon Americons, its principles, gools, initiotives ond philosophy encomposs oll sectors of the popolotion. The NMA is octively involved in the notionol heolth core reform debote, lobbying for o secure heolth core system thot reflects the needs ond interest of minorities ond other unserved ond underserved popolotions. NMA octivities include, on onnuol scientific conferenco; continuing educotion progroms; the Notionol Minority Mentor Recruitment Network; AIDS educotion; domestic violence physicion screening educotion; prisoner heolth educotion; supporting the supplementol food progrom (WIC) os well os Heod Stort ond Job Corps. Publicotions include, *Journol of the Notionol Medicol Associotion* ond *Notionol Medicol Associotion News.*

Notional Rurol Heolth Associotion
National Service Center
One West Armaur Blvd., Suite 301
Kansas City, MO. 64111
Phone: 816-756-3140
Fax: 816-756-3144

The Assaciation is a natianal nan-prafit membership arganizatian pravlding the primary leadership an rural health in America. There are seven canstituency graups which help ta develap Assaciatian palicy: Clinical Services, Cammunity-Operated Practices, Frantier, Haspitals, Papulatian-Based Services, Research and Educatian and Statewide Health Resaurces. The Assaciatian halds an annual canference each spring. Publicatians include the quarterly, *Jaurnal af Rural Health; Rural Health Resaurces Directary; A Shared Visian: Building Bridges far Rural Health Access—Canference Praceeding; Rural Primary Care Cansartia: Organizatianal Develapment far the 1990s*, and the managraph series, *Alternative Madels far Organizing and Delivering Health Care in Rural Areas* which includes the title, *Independent Netwarks*. A publicatians list is available an request.

United States Conference of Local Health Officers (USCLH0)
1620 Eye Street, NW
Washingtan, DC 20006
Phone: 202-293-7330
Fax: 202-293-2352

This arganizatian af chief health afficers, cammissianers, directars and ather afficials representing city, caunty, ar city-caunty health departments pramates caaperatian and exchange af ideas ta assist in the impravement af lacal public health administratian. USCLHO alsa spansars caardinatian af intergavernmental health agency effarts. Publicatians include the periadicals *Local Health Department Directary, Local Health Officers News*, and fact sheets an natianal policy and legislative develapments.

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P.O. Box 70
Burlington, VT 05402

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REGION VI ORGANIZATIONS

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APPENDIX 3

Managed Care Organization Performance Indicators

PERFORMANCE INDICATORS

Total Membership

Description Total number of members enrolled at the end of the report period.

Total Revenue

Description Income generated from operations.

Definition Same as Description.

NAIC Total Revenue—Report 2, Line 7, Column 2.

Range Not applicable.

Net Income

Description Amount of excess revenue after expenses.

Definition Total Revenue—Total Expenses.

NAIC Net Income—Report 2, Line 32, Column 2.

Range Greater than 50.

Net Worth

Description Amount of excess assets after liabilities.

Definition Total Assets—Total Liabilities.

NAIC Net Worth—Report 2, Line 42, Column 1.

Range Net Worth Per Member is greater than $50.

Operating Profit Margin

Description Indicates the overall profitability of the health plan. The operating profit margin indicates the percentage of revenue that goes to net income.

Definition 100%—Overall Loss Ratio.

NAIC See Overall Loss Ratio.

Range Not Applicable.

LIQUIDITY INDICATORS

Days Cash On Hand

Description The amount of days the health plan could go to cover operating expenses with the current amount of available cash.

Definition (Cash + Short Term Investments)/(Total Medical and Hospital Expenses)/365. NAIC: Cash—Report 1, Part A, Line 1, Column 1.

Short Term Investments—Report 1, Part A, Line 2, Column 1.Total Medical and Hospital Expenses—Report 2, Line 21, Column 2.

Range Indicated range is greater than 25 days.

Ratio of Cash to Claims Payable

Description Indicates the effectiveness of a plan's ability to pay off accounts payable with available cash.

Definition Cash / Claims Payable.

NAIC Cash—Report 1, Part A, Line 1, Column 1. Claims Payable—Report 1, Part B, Line 2, Column 3.

Range Indicated range is greater than 1.0.

Note This indicator is applicable to IPA and certain group model plans only

EFFICIENCY INDICATORS

Days in Receivables

Description Indicates the number of days of revenue that members owe a health plan.

Definition Premiums Receivable / [(Total Premium Revenue + Fee for Service Revenue + Medicare Revenue + Medicaid Revenue) / 365].

NAIC Premiums Receivable—Report 1, Part A, Line 3, Column 1. Total Premium Revenue—Report 2, Line 1, Column 2. Fee for Service Revenue—Report 2, Line 2, Column 2. Medicare Revenue—Report 2, Line 3, Column 2. Medicaid Revenue—Report 2, Line 4, Column 2.

Range Indicated range should be greater than 0.

Days in Unpaid Claims

Description Indicates the number of days of claims a health plan owes its members.

Definition Claims Payable / [Total Health Care Expenses / 365].

NAIC Claims Payable—Report 1, Part B, Line 2, Column 3. Total Health Care Expenses—Report 2, Line 21, Column 2.

Range Indicated range should be greater than 0.

STATUTORY INDICATORS

Admitted Reserves (Sometimes referred to as tangible net worth)

Description Funds available to buffer the plan from financial shortfalls.

Definition Admitted Assets—All Liabilities.

NAIC Admitted Assets—Schedule F1, Line 19, Column 3. All Liabilities—Report 1, Part B, Line 13, Column 3.

Range At a minimum, the plan must meet State Minimum Reserve Requirements.

State Minimum Reserve Requirements

Description The minimum state reserve requirement.

Definition Defined by each state.

NAIC Not Applicable.

Range Not Applicable.

Note Please provide the state minimum requirements for all states that require you to maintain a reserve, the amount of the reserve, and the amount of reserve you are holding in those states.